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INTERNATIONAL CITY MANAGERS' ASSOCIATION
1313 EAST 60TH STREET - CHICAGO 37, ILLINOIS

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TRENDS IN MUNICIPAL REVENUES

What additional sources of revenue are cities developing to meet the increased demands for service?

It is possible in this brief statement to set forth only a few trends based on annual surveys among cities over 10,000 population published in the 1943, 1944, and 1945 editions of the Municipal Year Book.

Business Licenses. The trend in recent years, especially in the far west and in southern cities, has been to increase business licenses and to base them on gross receipts or number of employees or some combination of these plans. For example, Seattle, Washington, in 1943, adopted a business license tax ordinance which brings in about \$1,200,000 a year. Among other cities which have adopted somewhat similar ordinances are: Alameda, Richmond, and San Diego, California.

Gross Receipts Tax on Local Utilities. Another popular and widely adopted tax is a tax ranging from 2 up to 6 per cent on the gross receipts of local privately owned utilities with the tax collected by the utility and turned over to the city. Columbus, Ohio, for example, last year adopted a 5 per cent tax which is added to all gas, electric, telephone, and water bills and will raise \$860,000 annually. Most cities have had little difficulty in getting the utilities to accept such a tax because it is deducted from the federal income tax. Many other cities including Memphis, Tennessee, and quite a few cities in Texas as well as other parts of the country, have adopted a similar tax. It seems to be easy to administer and creates little or no opposition.

Admission Taxes. Another excellent source of revenue, according to the experience of quite a few cities, is an admissions tax which is fairly easy to administer and can be continued or even increased after the federal admissions tax is abandoned. San Bernardino, California, last year levied an amusement tax generally based at three cents per admission for all theatres, movies, sport events, public dances, etc., and expects to raise \$100,000 a year. Some arguments in favor of this tax appear in the July, 1945, issue of Public Management, P.21.

Service Charges. Refuse collection charges and sewer rentals are used in quite a number of cities. Detailed information is reported in the 1945 edition of the Municipal Year Book. A few cities are making a special charge for handling industrial wastes through their sewerage systems (for example, New Brunswick, New Jersey; Waco, Texas; Cranston, Rhode Island). There is a very definite trend on the part of many cities to increase charges for services supplied to areas outside the city limits or to adopt such charges where none have been made heretofore.

Miscellaneous Taxes. A few cities have adopted a sales tax or cigarette taxes but they have been as popular or as easy to administer as some of the other taxes mentioned above. Philadelphia is the only city with a municipal income tax although it has been proposed in several other cities, including Madison, Wisconsin, and Baltimore, Maryland. This sort of tax is somewhat

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difficult to administer and not very popular. Parking meters are a good source of revenue, and some cities are increasing their charges for use of airport facilities.

Sources of Information. A comprehensive survey of the municipal revenue problem will be available in February, 1946, in the form of a report, entitled Where the Cities Get Their Money, to be published by the Municipal Finance Officers Association, 1313 East 60 Street, Chicago, at \$5 a copy. It will contain practical information based on a nationwide survey. The 1946 Municipal Year Book to be issued in June will summarize new sources of revenue developed during 1945 by cities over 10,000, similar to information which appears in the 1943, 1944, and 1945 editions of the Year Book. Current issues of Public Management report new sources of revenue currently developed by individual cities. Among the special reports issued in 1945 on the revenue problem are the following:

Business License Taxes - A Major Potential Source of Municipal Revenue. By M. M. Davisson. League of California Cities, Hotel Senator, Sacramento, 1945. 72pp. \$1. (Contains suggested ordinance.)

New Sources of Municipal Revenue. Municipal Finance. Entire issue, May, 1945. 1313 East 60 Street, Chicago 37. 36pp. 50 cents.

Report of Committee on Additional Tax Revenue for the City of Baltimore. Office of the Mayor, City Hall, Baltimore. March 1, 1945. 49pp.

A Report on the Current and Prospective Financial Problems of Virginia Cities and Towns. League of Virginia Municipalities, Travelers Building, Richmond 19. 1945. 36pp.

Report of Special Citizens' Committee on New Sources of Revenue for Madison, Wisconsin. Mayor's Office, City Hall. Madison. 1945. 34pp.